

# AN ATTRACTIVE PULP & PAPER ..... INVESTMENT

**Substantial Returns**  
*with* **Safety of Principal**

An opportunity to secure  
an interest in a growing  
Pulp and Paper Company

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AN ATTRACTIVE  
PUMP & PAPER  
INVESTMENT

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# **Whalen Pulp and Paper Mills, Limited**

## **7% MORTGAGE DEBENTURE STOCK**

**With a 50% Common Stock Bonus.**

**Safety of Principal  
Substantial Yield  
Prospective Profits**

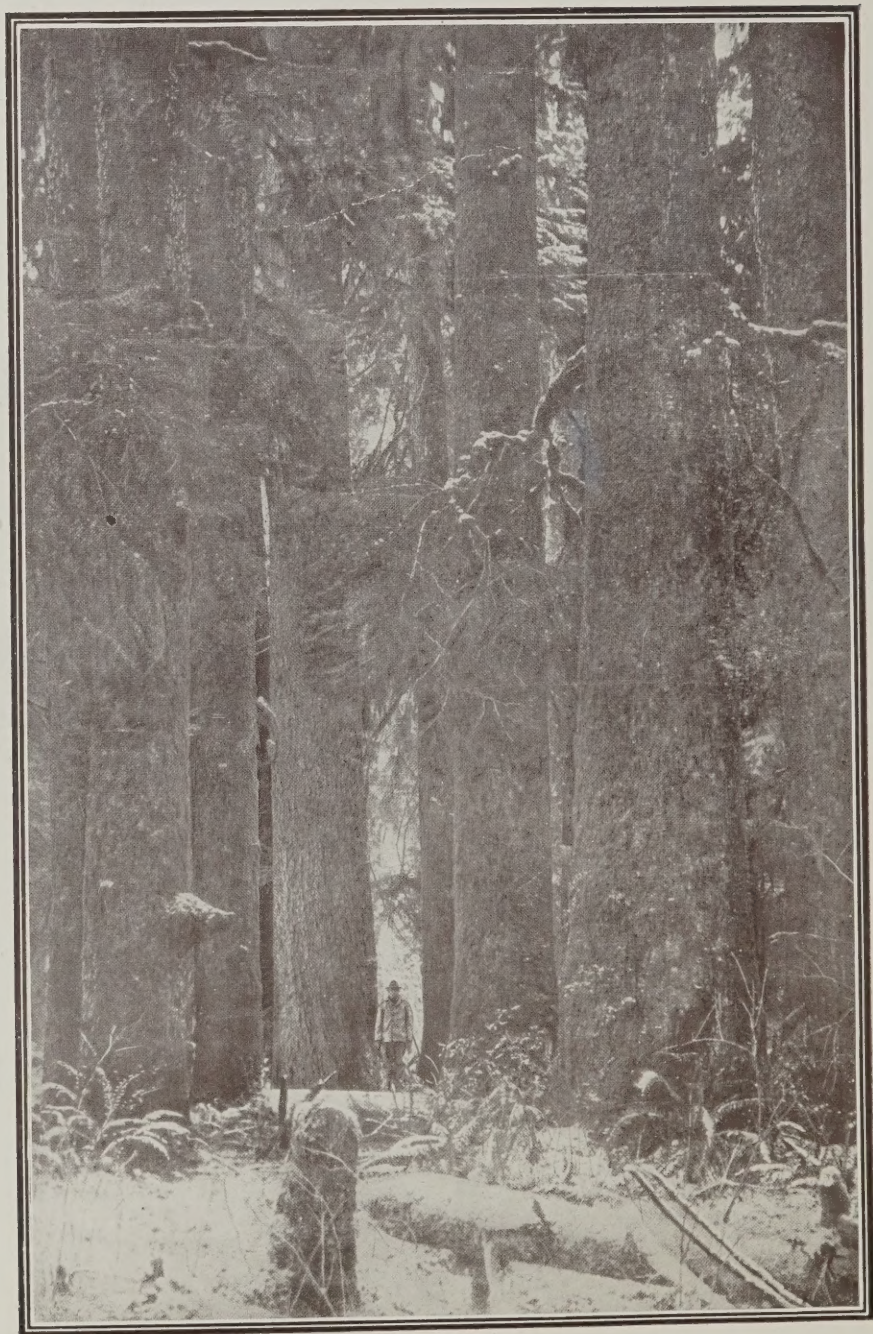
**GRAHAM, SANSON & Co.**  
**INVESTMENT BANKERS**

**Members Toronto Stock Exchange**

**85 BAY STREET**

**TORONTO, CANADA**





Typical of the Timber owned by Whalen Pulp and Paper Mills, Limited. Photo taken on Quatsino Sound Limits.





Photo illustrative of the Density of Timber Growth on the limits of Whalen Pulp and Paper Mills, Limited.

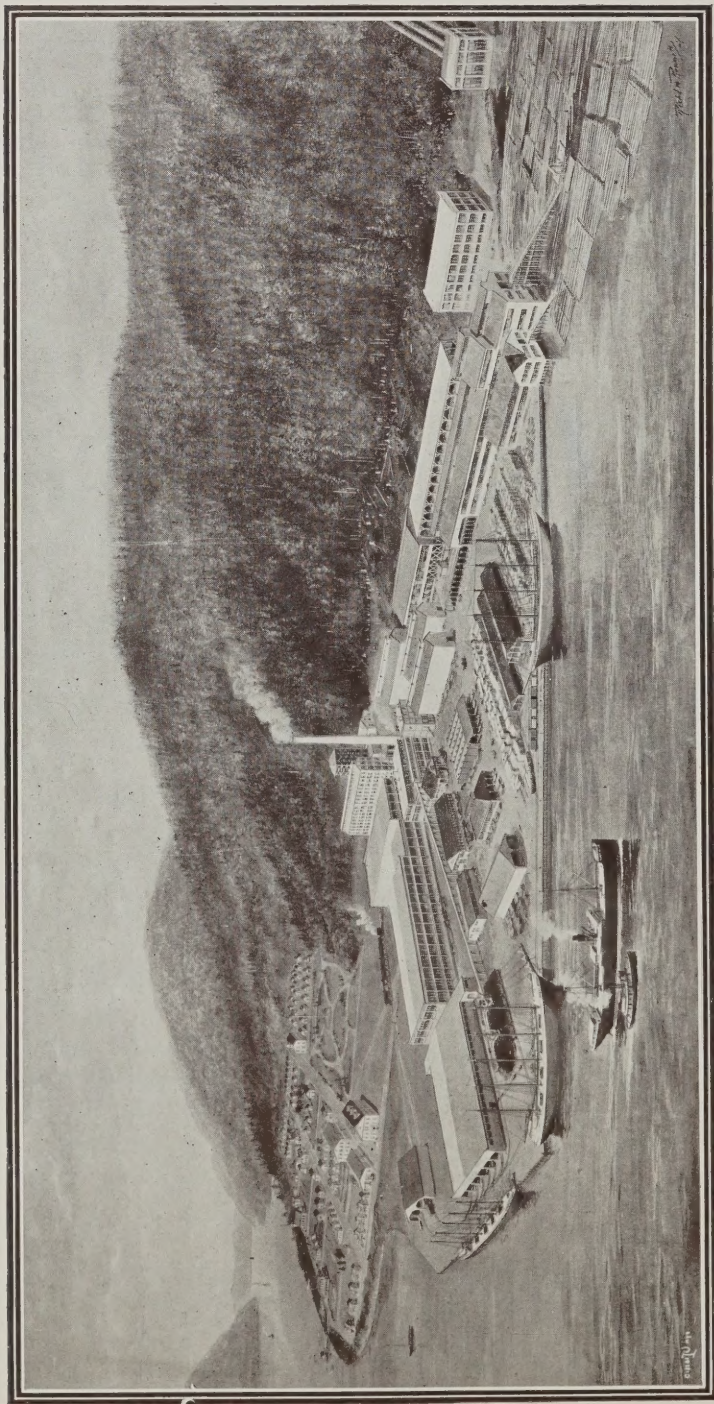
## Why Have Pulp and Paper Securities Advanced?

**W**HAT is the reason for the advance in market price of pulp and paper securities within the past year? Can the rather spectacular jumps be explained by the speculative element of the market, or are they due to the recognition by investors of the intrinsic merit of the securities themselves?

The explanation is found in the present favorable situation of the pulp and paper industry in Canada. At no time in its history has this basic industry attracted so much attention as at present, for its enormous expansion from comparatively insignificant proportions to its present status has placed it as Canada's largest manufacturing exporting industry. The removal of war-time restrictions, the heavy demand for pulp and newsprint, which continues to increase day by day; with pulp and paper for export commanding prices more than double the figure affixed by the Federal Trade Commission—these factors have given a decided impetus to the production of the mills, which are now working to capacity output.

Actual market and manufacturing conditions have forced a higher price for the products of the various mills, pulp selling at an increased figure and newsprint now selling in the open market at \$100 a ton and upwards and practically unobtainable





Whalen Pulp and Paper Mills, Limited—Colonial Mill, Quatsino Sound, British Columbia, as it will appear with Second Unit completed. Daily capacity: 120 tons high-grade sulphite pulp; 150,000 feet merchantable timber; 350,000 cedar shingles. First Unit of 60 tons daily capacity should be in operation by May, 1918.

*This plant is one of three (3) which form the main assets securing the bond and debenture issues of the Company. In addition the Company has extensive timber holdings and ample water powers. This mill is described by experts as one of the finest pulp mills in the world and certainly one of the most modern.*



at any price. The heavy increase in advertising in Canada and the United States (this increase being placed at 50% this year in excess of last year), the reopening of the European market and the development of the markets of Australia, New Zealand, Japan, China, etc., are a few of the causes responsible for this heavy demand and increased market price.

**Increased Earnings of Companies** Reflecting the prosperity of the industry, the earnings of the companies engaged in the manufacture of pulp have shown substantial gains for 1919. In some cases the increase might be described as phenomenal.

In this connection it is interesting to watch the upward trend of the securities of the pulp and paper concerns, and to compare the present market price with that of four years ago. The earnings and surpluses and values of the stocks are in every case higher, and in many cases large gains are recorded, as the following table shows:

	Abitibi	Brompton	H. Smith	Laurentide
1919 High.....	290	89	147	276
1918 .....	57½	63¼	66	198
1917 .....	48	58¼	65	195
1916 .....	Not listed	43	Not listed	176
	Price Bros.	Riordon	Spanish River	Wayagamack
1919 .....	350	191	90½	90
1918 .....	151	123	19½	50
1917 .....	134	106	19	97
1916 .....	60	59	5	27

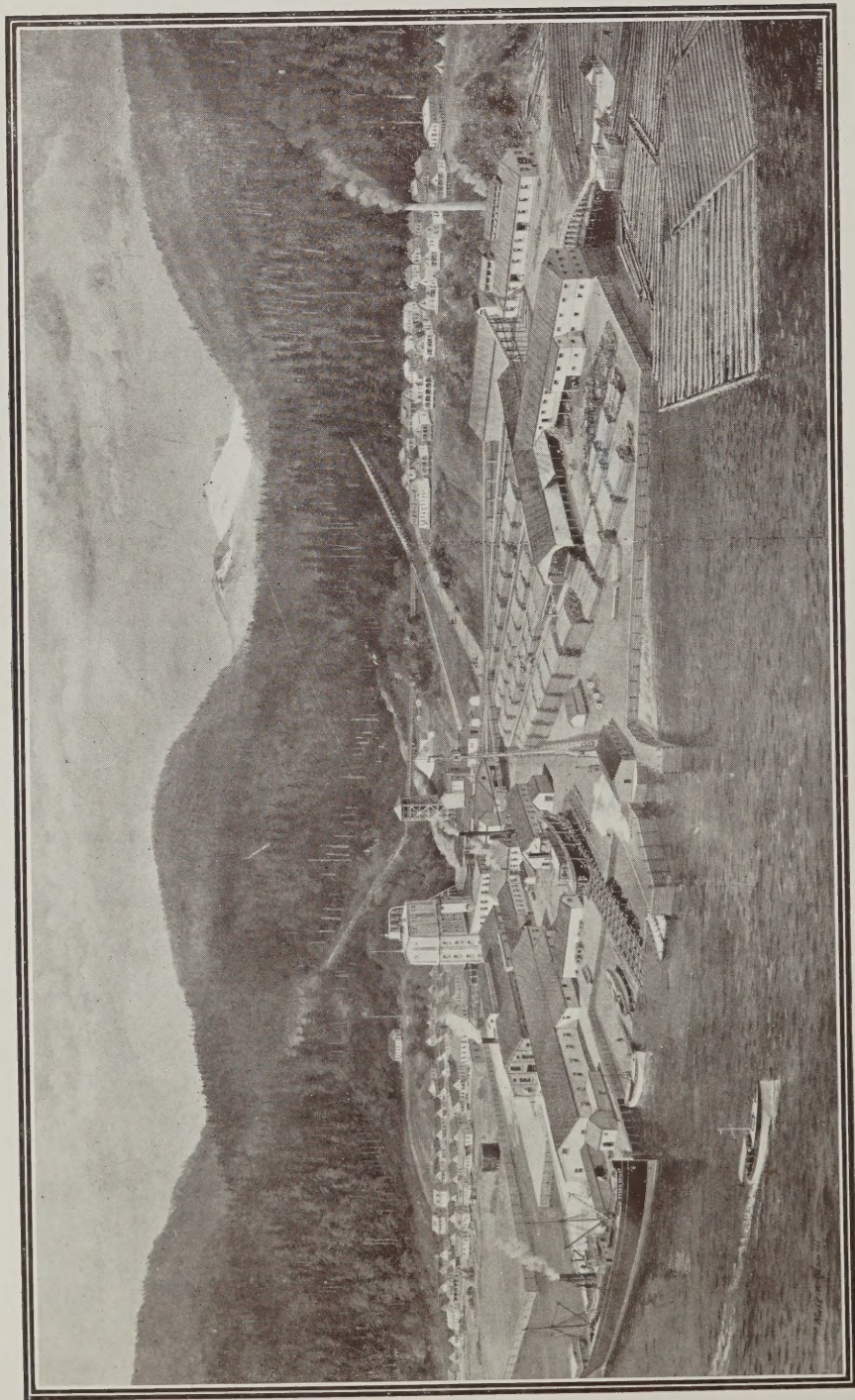
It is obvious that present security holders who purchased these stocks at the low figure have realized handsome profits, and while we regard the majority of these securities as a good investment, still it is evident that investors must purchase them now at an enhanced price.

It is an open question whether or not some of these securities should be purchased at the present high quotations. Rather we advise the purchase of securities that have not reached the top-notch figure but offer every chance of appreciation within a reasonable time. To-day the investor is afforded an unusual opportunity to take inventory of his holdings in order to see if any advantageous exchange could be made.

**How Investors Can Benefit** At various times we have pointed out the wisdom of purchasing young securities that in our opinion held out every hope for the future, and even advised investors to sell seemingly attractive holdings and re-invest the proceeds in those pulp and paper issues that would undoubtedly be sold later at most tempting rates of return.

The easiest way to make clear the full significance of the timely selection of pulp and paper securities and the re-investment of present holdings, will be to describe a well-established company that is embarking on a programme of greatly increased production and gradually extending its markets.





Whalen Pulp and Paper Mills, Limited—Mill Creek Mill, Howe Sound, British Columbia. In operation—daily capacity: 80 to 90 tons high-grade sulphite pulp.

*The original mill of the Whalen group of three (3) mills, which forms part of the security for the 7% Mortgage Debentures of the Whalen Pulp and Paper Mills, Limited.*



## THE WHALEN PULP AND PAPER MILLS, LIMITED

situated on the Pacific Coast, is the second largest manufacturer of easy bleaching and bleached sulphite pulp in Canada. It was incorporated under the laws of the Province of British Columbia in April, 1917, acquired the entire assets and undertakings of the British Columbia Sulphite Fibre Company, the Empire Pulp & Paper Mills, Limited, and the Colonial Lumber and Paper Mills, Limited; all of which have been in operation for a number of years.

**Timber and Pulp-wood Lands** The Company controls by lease from the British Columbia Government and other interests approximately 155,000 acres of the finest timber lands, estimated to contain approximately six billion feet of timber, and practically all located on tide water. Of the foregoing, 139,647 acres—estimated to contain over five billion feet—are held under lease from the British Columbia Government for a term of 30 years from September 4th, 1914, at an annual rental of two cents (2c.) per acre, and subject to a royalty of twenty-five cents (25c.) per cord of pulpwood cut. The high character of the timber, the economy with which logging can be carried on the year round, and the proximity to large supplies of timber controlled by other interests, place it in an unique position.

**Water Powers** The mills at Mill Creek and Swanson Bay each have their own hydraulic development of about 3,000 h.p., supplying ample power for operation to full capacity. The development at Swanson Bay can be increased, at a relatively low cost, to a capacity of about 15,000 h.p. The water power at Port Alice, which is adequate for the ultimate development of 20,000 h.p., will be developed as required in connection with extensions of the present mill, which, for the time being, is operated by steam power. These water powers are held under lease from the Government of British Columbia for periods of 21 years respectively, from December 31st, 1915, at a rental of ten cents (10c.) per h.p. per annum. These leases provide exemption from forfeiture for any cause whatever other than non-payment of fees due the Crown, and also provide for an option to the Company for renewals for a further period of 21 years.

**Pulp Mill Properties** The Company has in operation at Mill Creek, B.C.,—about 32 miles from Vancouver—a thoroughly modern plant for the manufacture of easy bleaching sulphite pulp, producing approximately 24,000 tons per annum. At Swanson Bay, B.C., the Company has in operation a modern easy bleaching sulphite pulp mill producing approximately 12,000 tons per annum. At Port Alice, B.C., the Company owns and operates a bleached sulphite pulp mill, having a present annual capacity of 18,000 tons. A capital expenditure of approximately \$500,000 has been made during the past year, which increased the capacity of the pulp mills to 70,000 tons per annum.



The Company's plants are of steel and concrete construction and thoroughly modern in equipment. All the Company's mills permit of increased capacities with most reasonable expenditures.

**Lumber Production** The Company operates at each pulp mill a modern saw mill with an output of approximately 500,000 feet of lumber per day of 24 hours. The Swanson Bay and Port Alice mills produce annually from 40,000,000 to 60,000,000 feet of high-grade lumber, and at Swanson Bay and Mill Creek approximately 75,000,000 cedar shingles.

**Favorable Location** The Company's favorable location enables it to take advantage of the ever-growing markets of the Western United States, Australia, New Zealand, China, Japan, etc. Sir George Bury, General Manager, just returned from the Orient, is quoted as saying that while there he had disposed of all the product of the Whalen Mills that could be spared from the markets already established by the Company. Each of the Company's mills is situated on tide water, and can load large vessels at its own wharves the year round. The Company intends to take the fullest advantage of its export markets, which have as yet scarcely begun to be developed.

**Strong Management** Whalen Pulp & Paper Mills, Limited, is in the hands of an exceptionally strong Board of Directors.

SIR GEORGE BURY, formerly Vice-President of Canadian Pacific Railway, is now President and General Manager, and has associated with him such well-known business and financial men as:

HON. M. J. O'BRIEN, President M. J. O'Brien, Ltd., Ottawa.

W. D. ROSS, Director Bank of Nova Scotia, Toronto.

A. H. DOUGLAS, Vancouver, B.C.

WALTER MACLACHLAN, London, England.

M. J. HANEY, Toronto, Ont.

GEO. M. SEAMAN, President Seaman Paper Co., Chicago.

W. N. HURLBUT, Geo. H. Mead Co., Dayton, Ohio.

ALEXANDER SMITH, Director Abitibi Power & Paper Co., Chicago.

AMBROSE O'BRIEN, Managing Director, M. J. O'Brien Ltd., Ottawa, Ont.

FRANK H. MILHAM, President Bryant Paper Co., Kalamazoo, Mich.

JAMES WHALEN, Chairman of the Board, President Port Arthur Shipbuilding Coy., Port Arthur.

I. W. KILLAM, Montreal, P.Q.



**Four Essentials of Success** It is thus seen that Whalen Pulp & Paper Mills, Limited, possesses the four essentials of success—a large supply of raw material,\* up-to-date mills ensuring large output, efficient management, and a ready market for its products.

As the Company was re-organized only a short time ago and has not yet reached the height of its prosperity, the present is a most favorable time for investors to secure an interest in this progressive Company.

## AN ATTRACTIVE SECURITY

We recommend an investment in the 7% Mortgage Debenture Stock, which possesses the elements of safety, high yield and prospective profits.

WHALEN PULP & PAPER MILLS, LIMITED.

7% Mortgage Debenture Stock.

Dated May 1st, 1917. Due May 1st, 1932.

Interest payable, May 1, November 1, at Montreal, Toronto, New York, London, Eng.

Principal payable at Montreal, Toronto, New York, London, Eng.

Price—Par and Interest carrying a 50% Bonus in Common Stock.

### ISSUED CAPITAL

Common Shares.....	\$8,000,000
7% Preferred Shares.....	2,102,500
7% Serial Notes, 1919-1924.....	500,000
7% Mortgage Debenture Stock, due May 1, 1932 .....	3,000,000
6% Serial Mortgage Bonds, 1921-1934 .....	*3,500,000

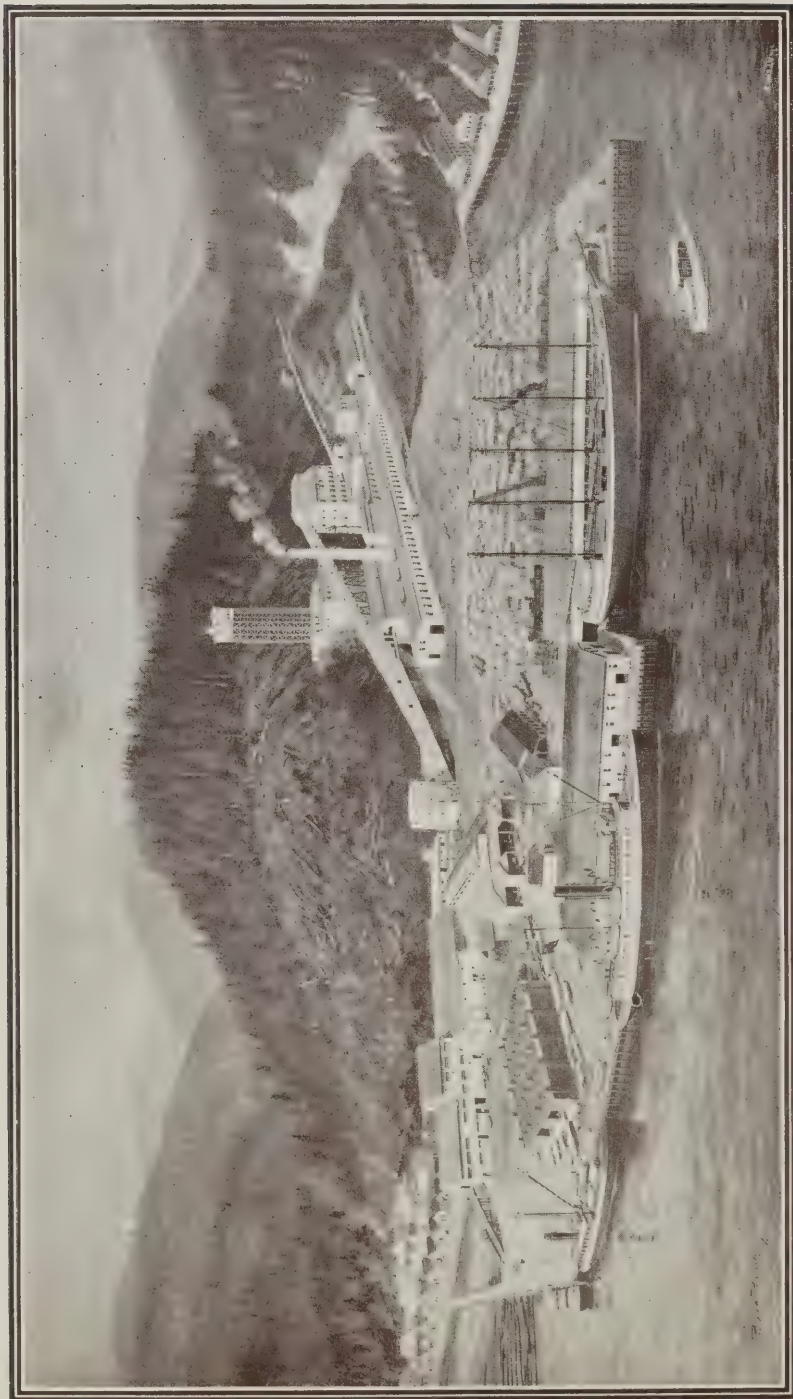
(\* Including \$520,000 reserved for refunding Mill Creek Mortgage.)

### VALUATION OF ASSETS

(according to Company's balance sheet, as at February 28, 1919)

Three mills, buildings, equipment, houses, etc.....	\$7,000,000
Timber lands and leases.....	6,000,000
Water Powers.....	1,000,000
Net Current Assets.....	1,000,000
<hr/>	
Total.....	\$15,000,000
Less—Serial Mortgage Bonds.....	3,500,000
Security for \$3,000,000 7% Mortgage Debenture Stock.....	\$11,500,000





Whalen Pulp and Paper Mills, Limited—Empire Mill, Swanson Bay, British Columbia.  
In operation—daily capacity: 25 tons, being increased to 50 tons, high-grade sulphite pulp; 100,000 feet merchantable timber;  
350,000 cedar shingles.

*One of the three (3) mills of the Company, pledged as security for the bonds and debentures of the Whalen Pulp and Paper Mills, Limited. Modern construction and equipment throughout.*



## EARNINGS.

Earnings before charging Interest, Depreciation, Government and Provincial Income Taxes and Extraordinary Charges, have been as follows:

For the year ending February 28, 1917, from the Mill Creek Mill.....	\$404,460.26
For the year ending February 28, 1918, during which the Mill Creek Mill was operated for the full year and the Swanson Bay Mill for a period of four months.....	495,299.23
For the year ending February 28, 1919, during which the Mill Creek and Swanson Bay Mills were fully operated.....	497,869.83

## REASONS FOR IMMEDIATE PURCHASE

Investors secure a high-grade security which provides safety for principal with provision for return of principal in 1932, a substantial interest rate of 7% in the meantime and also a 50% Common Stock Bonus. The Common Stock is particularly attractive, as within a reasonable time this will, we consider, become very valuable. Investors can look forward not only to receiving substantial dividends but to seeing the market value increase considerably.

As an indication of the possibilities that lie in this Common Stock, we would point out that in 1916 we sold Abitibi Preferred with Common Stock Bonus, and to-day the Common Stock is selling around \$300 per share. Price Bros. Common Stock, given as a bonus up to a few years ago, is now selling around \$270 per share. Spanish River Common Stock, which sold around \$5 a share in 1916, is now quoted around 89, although not on a dividend basis as yet.

The opportunity to secure a high interest yield of 7% with safety of principal, coupled with a conservative speculative element by means of the Common Stock Bonus, is an attractive one. It is our opinion that high-grade pulp and paper securities will from now on find a ready market, and investors who purchase the securities of the Whalen Pulp and Paper Mills, Limited, will later have reason to feel well satisfied.

**Future of the Industry**      Holders of securities of a progressive Company like Whalen Pulp and Paper Mills, Limited, can look forward with confidence to the future. A sound company engaged in pulp and paper industry has many years of prosperity ahead of it. As an indication of what the future may hold for the industry, we quote figures supplied



by Mr. J. A. Bothwell, President of the Canadian Pulp and Paper Association:

"A chart that would attempt to include a representation of the pulp and paper export in Canada, say in 1890, along with that of 1918-19, would have to reproduce the former by a unit so small that a microscope would be required to identify its existence. For the two units would compare as \$122 in 1890 to around \$122,000,000 in 1919, the latter one million times as great.

"It is indeed within barely more than a decade that the Pulp and Paper Industry of Canada has come to assume its huge proportions, for in the main it has come to be an export business. A report published in 1908 placed the amount of capital invested in the Pulp and Paper industry in Canada at \$50,000,000. Ten years later, a census report by the Dominion Bureau gave the capital investment of \$186,374,905, and since then the \$200,000,000 mark has been passed.

"In 1908 the annual production of pulp was 700,000 tons and of paper 290,000 tons. Now the paper production exceeds 725,000 tons.

"Ten years ago the number of employees was set down at 9,000, and the wage bill at \$4,000,000 a year. The Dominion report estimated the number of employees at 25,000, and the wage bill at \$20,500,000.

"Ten years ago the exports amounted to \$6,871,387 in all; to-day they are over \$100,000,000. Then the pulp export was \$4,037,852; for the fiscal year of 1919 it was close on \$35,000,000. The paper export of 1908 was \$2,833,535; for the fiscal year of 1919 it was over \$49,000,000, or almost eighteen times as much! And each year sees a very heavy increase."

There is every indication that the Pulp and Paper Industry in Canada will continue in the future, as it does at present, to lead all other Canadian manufacturing industries in the volume and value of its export business.







